

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00 DODE-00
DOTE-00 INR-07 NSAE-00 CIEP-02 FAA-00 SSO-00 L-03
NSCE-00 INRE-00 SS-15 NSC-05 /057 W
-----271131Z 129651 /10
O 271040Z DEC 76
FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC IMMEDIATE 1725

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E.O. 11652: N/A
TAGS: EAIR, CZ
SUBJ: CIVAIR: AIR TRANSPORT AGREEMENT

REF: (A) STATE 308322, (B) PRAGUE 3571

1. SUMMARY: BASED ON MEMORANDUM OF UNDERSTANDING BETWEEN CZECHOSLOVAK AIRLINES (CSA) AND PAN AMERICAN WORLD AIRWAYS, INC., SIGNED BY REPRESENTATIVES FROM THE TWO AIRLINES ON DECEMBER 8, 1976 IN LONDON, CZECHOSLOVAK AUTHORITIES BELIEVE THERE ONLY TWO OUTSTANDING POINTS IN AIR TRANSPORT AGREEMENT EXTENSION TO BE HAMMERED OUT BETWEEN THE USG AND GOC: (A) DURATION OF AGREEMENT EXTENSION AND (B) INCLUSION OF CHANGE WHICH WOULD ALLOW CSA TO ISSUE ITS OWN TRANSPORTATION DOCUMENTS IN U.S. DR. ZEMLA OF MFA LEGAL DEPARTMENT REQUESTS THAT USG AND GOC EXTEND AGREEMENT INFORMALLY BY AN ORAL "GENTLEMEN'S AGREEMENT", UNTIL SUCH TIME FORMAL NOTES CAN BE EXCHANGED EXTENDING AND AMENDING AGREEMENT FOR PERIOD OF ONE OR TWO YEARS. END SUMMARY.

2. EMBASSY DIPLOMATIC NOTE, BASED ON CONTENTS REF A, WAS DELIVERED TO FOREIGN MINISTRY ON DECEMBER 22. HOWEVER, DR. ZEMLA OF LEGAL DEPARTMENT, AT BEGINNING OF MEETING WITH DCM ON DECEMBER 23, SAID HE NOT IN UNCLASSIFIED

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RECEIPT OF NOTE. (SINCE DCM CALLED ZEMLA MORNING OF DECEMBER 22 AND TOLD HIM NOTE ON WAY, EMBASSY BELIEVES THIS ONE OF ZEMLA'S TACTICS WHICH HE HAD USED PREVIOUSLY DURING THE SCIENCE/CULTURAL EXCHANGES NEGOTIATIONS). WE HANDED OVER A COPY OF NOTE TO ZEMLA ON DECEMBER 23.

3. ZEMLA REGISTERED "SURPRISE" AFTER READING NOTE AND SAID, THAT BASED ON MEMORANDUM OF UNDERSTANDING BETWEEN CSA AND PANAM SIGNED BY THE COMPANY REPS IN LONDON, THE GOC BELIEVED THE PROBLEM OF SALES QUOTA HAD BEEN SOLVED AND ONLY PROBLEMS REMAINING WERE DURATION OF AGREEMENT EXTENSION AND INCLUSION OF AMENDMENT RE ISSUANCE OF TRAVEL DOCUMENTS. SINCE EMBASSY HAD NEVER SEEN THE MEMORANDUM OF UNDERSTANDING BETWEEN PANAM AND CSA, ZEMLA PASSED DCM A COPY. (WE ASSUME THE DEPARTMENT IS WORKING FROM THE SAME MEMO. IN FUTURE WE WOULD APPRECIATE KNOWING OF THE EXISTENCE OF SUCH DOCUMENTS PRIOR TO OUR ONGOING DISCUSSIONS WITH MFA CONTACTS.) MEMO DOES INDEED INDICATE THAT THE QUOTA PROBLEM BETWEEN THE TWO CARRIERS APPEARS TO BE SOLVED.

4. ZEMLA ASKED THE USG NOT TO UESIST ON EXTENDING THE AGREEMENT FOR A SHORT INTERIM PERIOD BY FORMAL DIPLOMATIC NOTE, AS GOC LAW WOULD REQUIRE HIM TO GET THE APPROVAL OF THE CZECHOSLOVAK PRIME MINISTER AND WOULD CAUSE MORE DELAYS AND PROBLEMS. RATHER, HE ASKED THE TWO GOVERNMENTS TO EXTEND THE AGREEMENT BY AN ORAL "GENTLEMEN'S AGREEMENT", UNTIL SUCH TIME THE TWO GOVERNMENTS WOULD BE READY TO EXCHANGE NOTES EXTENDING THE AGREEMENT FOR EITHER ONE OR TWO YEARS. HE SAID THAT HE COULD GUARANTEE PANAM WOULD BE ALLOWED TO CONTINUE TO OPERATE AND ALL THINGS WOULD REMAIN THE SAME. HE SAID THAT, IF NECESSARY, HE COULD ISSUE A LETTER TO PANAM AND WOULD EXPECT THE UNCLASSIFIED

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USG TO DO THE SAME TO CSA INDICATING CURRENT OPERATING DIRECTIVES WOULD REMAIN THE SAME FOR BOTH AIRLINES, UNTIL SUCH TIME THE AIR TRANSPORT AGREEMENT WAS FORMALLY EXTENDED BY EXCHANGE OF NOTES.

5. ZEMLA PASSED US A "NON-PAPER" AS AN EXAMPLE OF WHAT HE SAID THE CZECHOSLOVAK FINAL NOTE COULD CONTAIN. THE "NON-PAPER" CONTAINS TWO PERTINENT POINTS: (A) SECOND PARAGRAPH INDICATES GOC WOULD LIKE THE AGREEMENT EXTENDED THROUGH DECEMBER 31, 1978 AND (B) PARAGRAPH THREE READS "IN THE SAME TIME THE CZECHOSLOVAK SIDE, TAKING NOTE OF ARTICLE 5 OF THE MEMORANDUM OF UNDERSTANDING BETWEEN CZECHOSLOVAK AIRLINES (CSA) AND PAN AMERICAN WORLD AIRWAYS, INC., SIGNED AT LONDON, ON DECEMBER 1976 (SIC), EXPECTS THAT THE CZECHOSLOVAK AIRLINES (CSA) WILL BE ABLE TO ISSUE ITS OWN TRANSPORTATION DOCUMENTS IN THE UNITED STATES OR, AT LEAST AGAINST

PRE-PAID TRAVEL AUTHORIZATIONS (PTA) ON A RECIPROCAL BASIS."

6. WE TOLD ZEMLA THE U.S. POSITION REMAINED AS OUTLINED IN OUR DIPLOMATIC NOTE OF DECEMBER 22. BUT, BASED ON MEMO OF UNDERSTANDING AND OUR CONVERSATION WITH ZEMLA, WE WOULD QUERY DEPT RE GOC REQUEST TO CONTINUE AGREEMENT BY ORAL OK OF BOTH GOVERNMENTS.

7. ACTION REQUESTED: PLEASE ADVISE ASAP IF FORMAL EXTENSION BY ORAL "GENTLEMEN'S AGREEMENT" OF AIR TRANSPORT AGREEMENT ACCEPTABLE TO USG, UNTIL SUCH TIME THAT THE TWO GOVERNMENTS ARE READY TO EXTEND AGREEMENT FOR EITHER ONE OR TWO YEARS. IF SO, PLEASE ADVISE TEXT OF LETTER WE MIGHT ISSUE TO CSA FOR INTERIM PERIOD--WHICH ZEMLA BELIEVES WILL AMOUNT TO ONLY A MATTER OF SEVERAL DAYS. HE
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EMPHASIZES THAT GOC BELIEVES THE BALL IS ENTIRELY IN THE U.S. COURT.
BYRNE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TREATY SIGNATURE, AVIATION AGREEMENTS, DIPLOMATIC DISCUSSIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PRAGUE03612
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760472-0892
From: PRAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761212/aaaaakmw.tel
Line Count: 142
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 308322, 77 PRAGUE 3571
Review Action: RELEASED, APPROVED
Review Authority: vogelfj
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUN 2004 by chengls>; APPROVED <22 DEC 2004 by vogelfj>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: AIR TRANSPORT AGREEMENT
TAGS: EAIR, CZ, US, PANAM, CSA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006